

State Tax Amnesties

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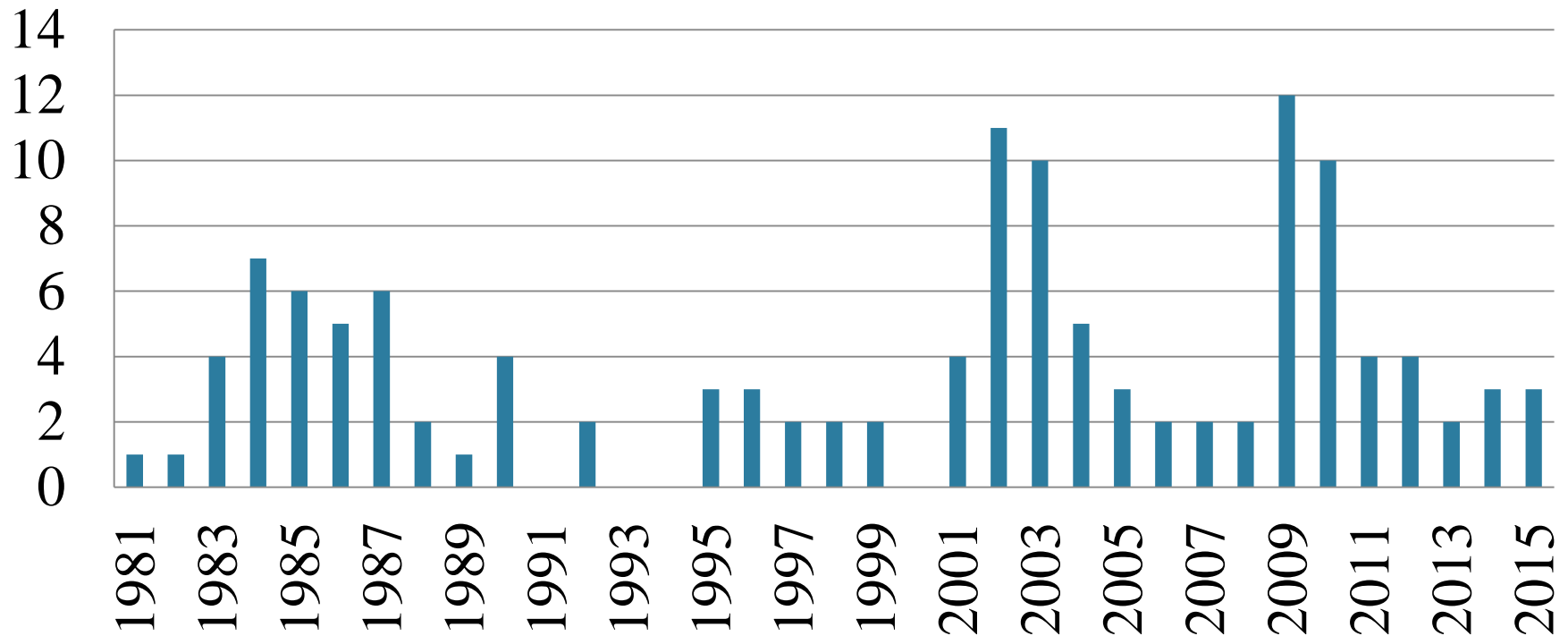
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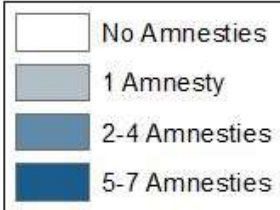
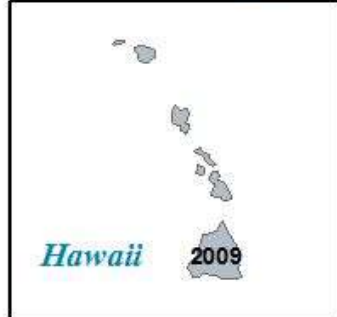
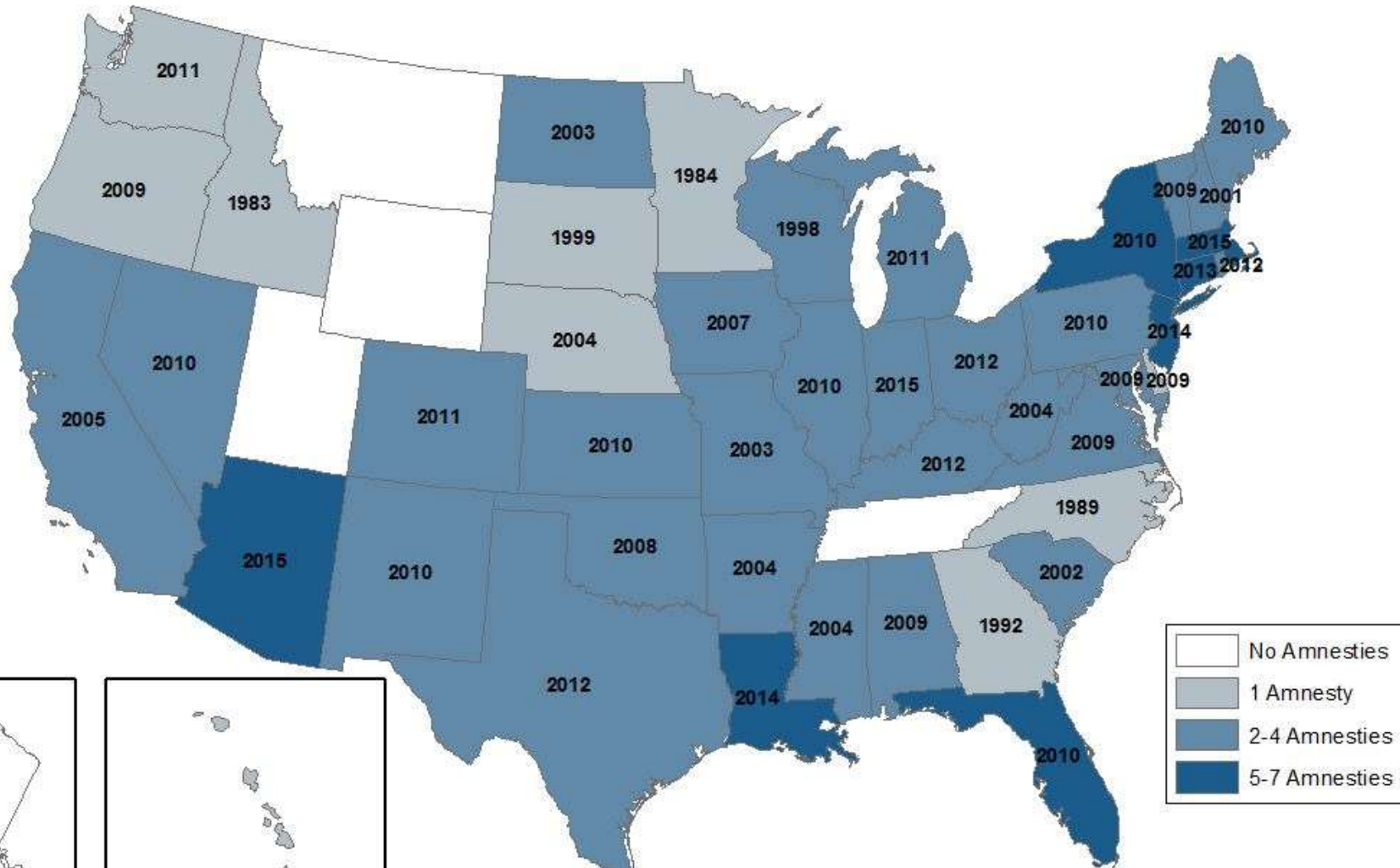
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Frequency of State Tax Amnesties 1981 - 2015



Number of State Tax Amnesties and Year of Most Recent Amnesty



Amnesty Recoveries (Real, 2005)

- Median (Mean) Total: \$27M (\$92M)
- Median (Mean) Per Capita: \$9.23 (\$13.59)
- Median (Mean) % of Tax Revenue: 0.47% (0.69%)

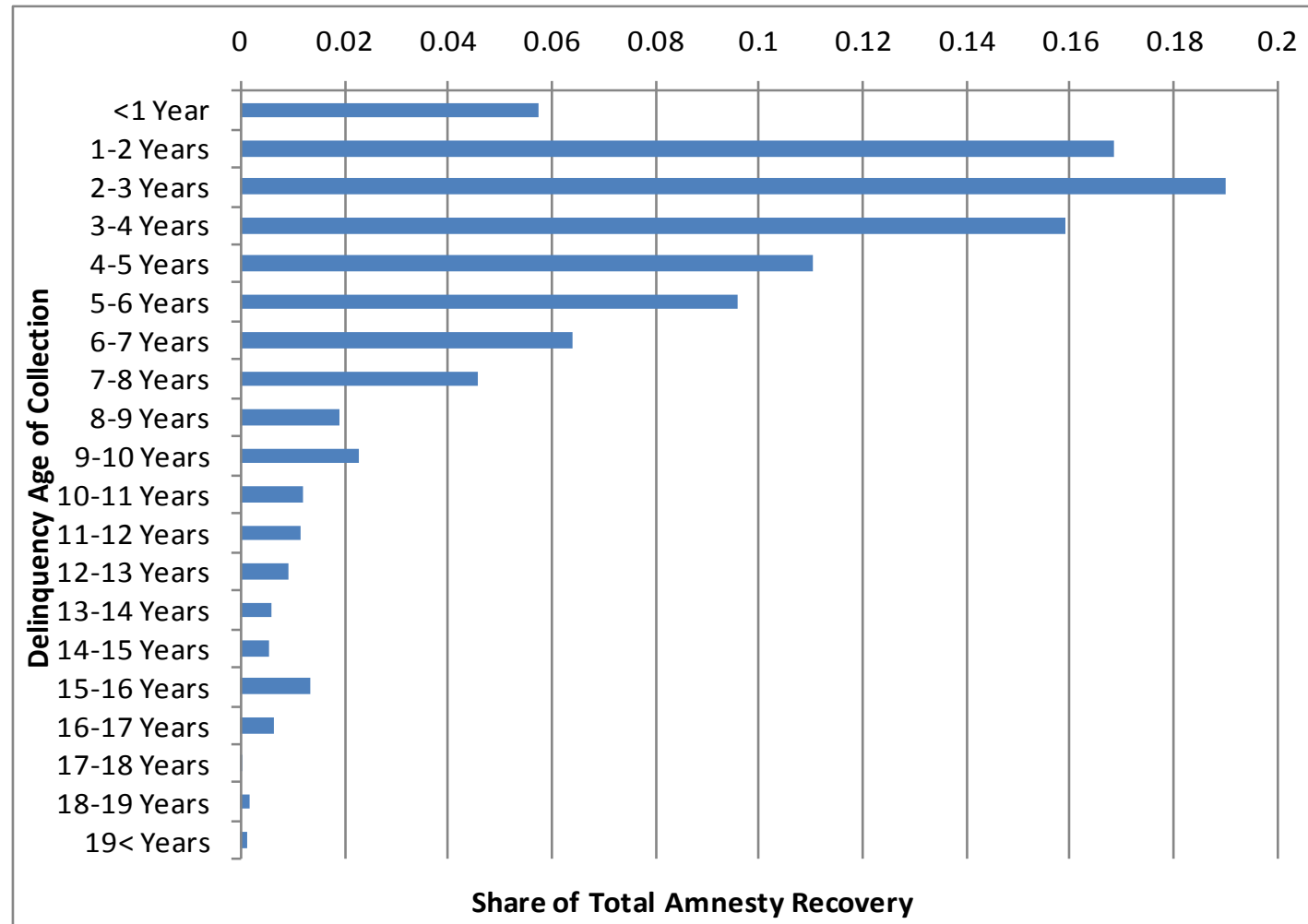


Out-of-State Recoveries As % of Total

- PA (1996): 41%
 - KY (2002): 50%
 - WV (2004): 33%
 - IN (2005): 47%
 - PA (2010): 48%
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- Each amnesty received collections from taxpayers in every other state (except WV-26).



Age of Delinquent Funds



Amnesty Program Features by Decade

Amnesties in 1980-1989

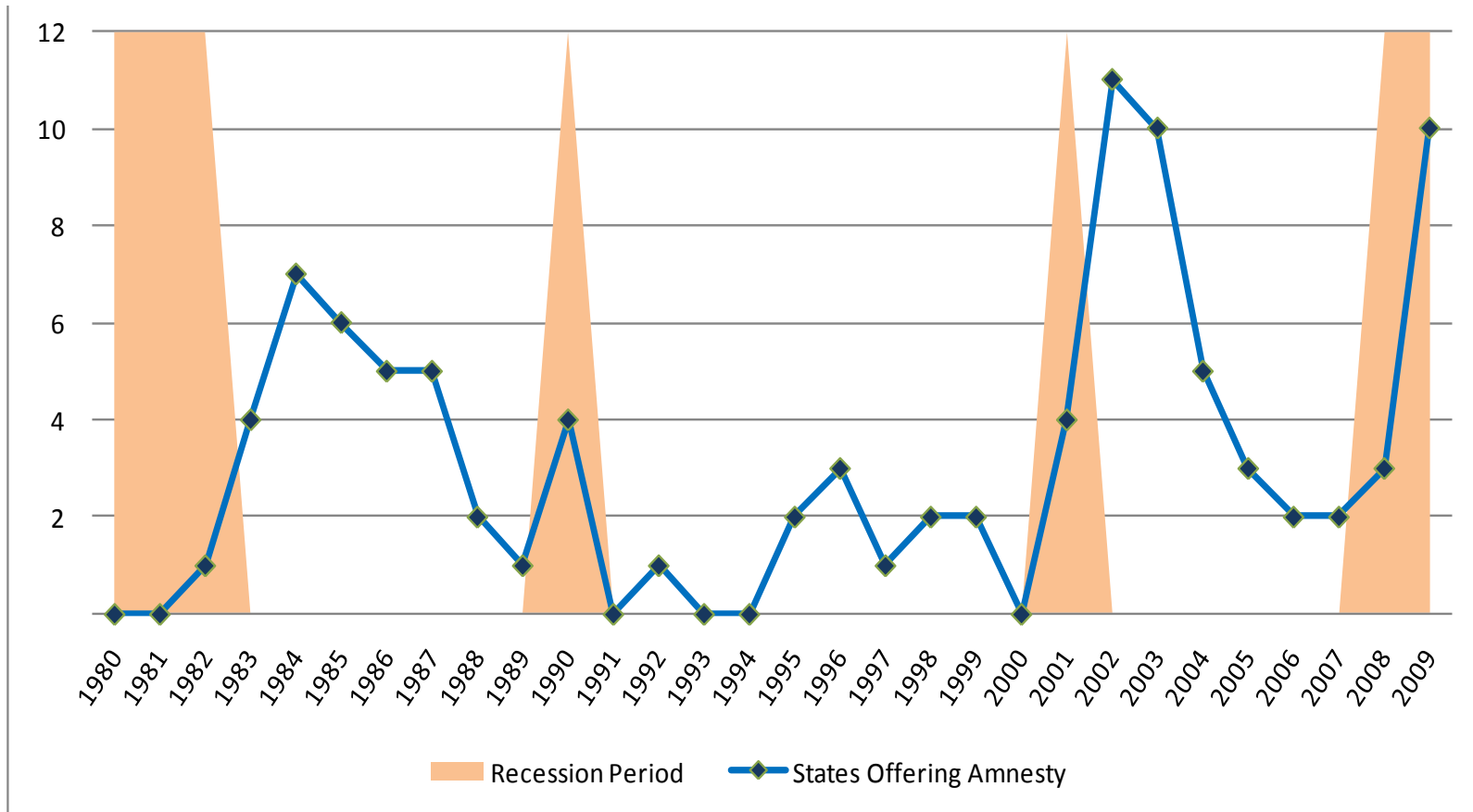
- Avg. Duration: 90 Days
- Time of Year: >70% in July-Dec.
- Payment plans: About half
- Waived: Mostly prosecution and penalties
- Includes Accounts Receivable? Less than half.

Amnesties 2010-

- Avg. Duration: <60 Days
- Time of Year: ~50% in July-Dec.
- Payment Plans: Almost none
- Waived: Everything and part of interest
- Includes Accounts Receivable? Most.



Recessions and Amnesties



Summary of Major Research Findings

- Amnesty has evolved into a state budgeting/revenue tool
- Amnesty features that gin up the most revenue are those that challenge or conflict with existing state tax administration efforts
- Empirical evidence has substantiated compliance concerns about amnesty.



Fiscal Arithmetic of Amnesty

- Relevant Revenues & Costs:
 - + Gross Recovery
 - + Present Value of Future Revenues from New Taxpayers
 - Revenue, interest, penalties from those collected through routine enforcement
 - Administration cost (New or redirected operations)
 - Marketing Costs
 - Present value of future amnesty induced non-compliant



Thank You!!

Questions? Comments? Suggestions?

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Appendix



In-State Versus Out of State Recoveries

	Pennsylvania		Indiana		West Virginia		Pennsylvania		Kentucky	
	2010		2005		2004		1996		2002	
	\$	%	\$	%	\$	%	\$	%	\$	%
In-State	\$130,777,249	(51%)	\$128,731,597	(53%)	\$8,672,768	(67%)	\$49,132,654	(58%)	\$61,356,617	(50%)
Out-of-State	\$123,264,514	(48%)	\$116,156,306	(47%)	\$4,221,768	(33%)	\$34,603,988	(41%)	\$62,079,170	(50%)
Other/Unknown	\$550,280	(0%)	\$105,831	(0%)	\$0	(0%)	\$294,992	(0%)	\$0	(0%)
Total	\$254,592,043		\$244,993,733		\$12,894,536		\$84,031,634		\$123,435,787	
# States	51		51		26		51		??	



Major Program Features

- Waiver of prosecution, penalties, interest, & fines.
- Late Fall/Early Winter
- Less than 2 months
- No payment plans



Advantages

- Inexpensive collection of “uncollectible” revenue
- Improved future citizen compliance
- Bring “hard to detect” taxpayers into the system.
- Segue into stronger tax compliance and enforcement rules



Concerns

- Transfer from compliant to non-compliant taxpayers, especially if interest is forgiven.
- Amnesty teaches taxpayers that it is easy to cheat
- Taxpayers might anticipate future amnesties



Feature	Amnesty, 1980 - 1989	Amnesty, 1990 - 1999	Amnesty, 2000 - 2009	Amnesty, 2010 -	All Amnesties
Number of Amnesties	33	18	51	15	117
Average Length of Amnesty (days)					
Mean	84.15	72.4	71.3	63.13	74.06
Median	90	76	60	59	64



Feature	Amnesty, 1980 - 1989	Amnesty, 1990 - 1999	Amnesty, 2000 - 2009	Amnesty, 2010 -	All Amnesties
Number of Amnesties	33	18	51	15	117
Average Length of Amnesty (days)					
Mean	84.15	72.4	71.3	63.13	74.06
Median	90	76	60	59	64
Calendar Quarter of Amnesty (% of all)					
First	12.1%	11.1%	13.7%	20.0%	13.7%
Second	6.1%	16.7%	15.7%	26.7%	14.5%
Third	51.5%	27.8%	49.0%	40.0%	45.3%
Fourth	30.3%	44.4%	21.6%	13.3%	26.5%



Feature	Amnesty, 1980 - 1989	Amnesty, 1990 - 1999	Amnesty, 2000 - 2009	Amnesty, 2010 -	All Amnesties
Number of Amnesties	33	18	51	15	117
Installment Payments (number)					
Yes	16	8	15	1	40
No	17	9	36	14	76
Unknown		1			1



Feature	Amnesty, 1980 - 1989	Amnesty, 1990 - 1999	Amnesty, 2000 - 2009	Amnesty, 2010 -	All Amnesties
Number of Amnesties	33	18	51	15	117
Waived					
Prosecution only	1	1	0	0	2
Reduced Penalty	1	0	1	0	2
Penalty	18	3	8	3	32
Penalty and Part of Interest	4	1	23	5	33
Penalty and Interest	2	1	16	5	24
Other	1	1	1	2	5
Unknown	6	11	2	0	19



Feature	Amnesty, 1980 - 1989	Amnesty, 1990 - 1999	Amnesty, 2000 - 2009	Amnesty, 2010 -	All Amnesties
Number of Amnesties	33	18	51	15	117
Eligibility of Accounts Receivables (number)					
Yes	15	15	36	12	78
No	18	3	15	3	39

